

MONDAY SPORTS NCAA BASKETBALL Page 13

INTERNATIONAL Herald Tribune

Table with exchange rates for various countries including Austria, Belgium, Canada, etc.

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ESTABLISHED 1887

After Maastricht, a Rudderless Europe Finds Itself in a Slump

By Craig R. Whitney
LONDON — After nearly three years of epochal change and grand visions of the future, the European Community, much like the United States, is bogged down in the mundane realities of recession and parochial politics.

European Union in Maastricht, the Netherlands, a little over three months ago would all probably agree on now. At Maastricht, they decided in principle to create "an ever closer union among the peoples of Europe" by introducing a common currency as early as 1997, making more foreign policy decisions together, and eliminating most internal border controls in the barrier-free market that they plan to complete by the end of this year.

relations among the member states, a principle agreed to in the "social chapter" of the treaty by all of them except Britain. But since then, many Germans have become increasingly worried not only about how to pay for unification, but also about who will be asked to pay to keep Russia, Ukraine and the rest from utter collapse. They fear that it will be them, and that they cannot afford it.

His strategic vision for Europe, if there is one, is apparently to seek German cooperation in a new European military capability that would shoulder the United States, politically and militarily, out of its strategic position in Europe.

Britain has always resisted this strongly, and under Prime Minister John Major and his predecessor, Margaret Thatcher, it also put a brake on any attempt by the other Europeans

Levy Quits Israeli Post In Quarrel With Likud

Foreign Minister Assails Party for Campaigning Against U.S. Policies

By Jackson Diehl
JERUSALEM — Foreign Minister David Levy announced his resignation on Sunday night, signaling a growing internal feud within the governing Likud Party of Prime Minister Yitzhak Shamir.

President Bush says that Washington 'can do better' in its relations with Israel, Page 2.

Labor in Charge on April 10? A 50-50 Chance for the New Neil Kinnock

By Glenn Frankel
LONDON — Neil Kinnock was navigating his way through a typically stormy press conference on his Labor Party's economic policy last week when he paused to offer these words of mocking reassurance: "There's nothing to be afraid of, boys. It's all right."

day newspapers, but the message remained that the national election was headed for a photo-finish on April 9. The Associated Press reported from London. The overall picture showed that Labor support was dropping slightly and that the Conservatives were edging upwards, but the results were so close that the margins of error blurred the distinctions.

Some may fear that once in power, Labor would "nip into the nearest kiosk, tear off our trench coats and bare our chest with an 'S' (for Socialism) on it," Mr. Kinnock told a meeting of business officials in London. But such a move, he insisted, "would guarantee the extermination of the Labor Party as a serious political force."

GOING HOME — A Cambodian woman preparing Sunday to return home from a camp in Thailand, where 375,000 refugees are to be repatriated. Cambodia, meanwhile, announced an offensive against the Khmer Rouge, Page 6.



Socialists Lose Again in France

By William Drozdiak
PARIS — France's battered Socialist government suffered its second electoral defeat in a week as voters Sunday showed a clear preference for conservative candidates in the final round of local elections.

"We have to learn our lessons fast," said Mr. Fabius. "Both the Socialist Party and the government must hear the message of the French voter."

Seven government ministers, including Mrs. Cresson, had been forced into runoff in their home districts.

Clinton Tried Marijuana as a Student, He Says

WASHINGTON — Governor Bill Clinton of Arkansas, the front-runner for the Democratic presidential nomination, said Sunday that he briefly experimented with marijuana while a student in England more than 20 years ago.



WINDING UP — Members of a United Nations inspection team carrying a box to their hotel in Baghdad following a final visit to a military base near the Iraqi capital. The inspectors, who have been monitoring the dismantling of weaponry, were to leave Monday.

France Arrests ETA's Leader

PARIS (AP) — French authorities said they had dealt a crippling blow to ETA, the Basque separatist movement, by capturing its leader, Francisco Mugica Garmendia, 39, and two senior aides at Bayonne, in France's Basque region, on Sunday.

Baker to Bush's Rescue? Reluctantly, if at All

WASHINGTON — George Bush, Jim Baker and Pat Buchanan are in a rowboat that sinks. Who gets saved? The answer to the joke, now making the rounds in Washington, is: Israel.

The Foreign Legion's East European Bumper Crop

AUBAGNE, France — The Foreign Legion, that legendary band of mercenaries founded by King Louis Philippe in 1831 to resolve a domestic immigration problem and ensure the conquest of Algeria, has thrived in times of historic upheaval.

New Chernobyl Threat: Drugs

By Joseph Fitchett
PARIS — Opium and marijuana are being grown in radioactive soil around Chernobyl, according to two private drug-monitoring groups.

Crossword Page 6

General News
Nuclear reactors in the former Soviet Union pose a grave threat, experts say. Page 2.

Business/Finance
The Bundesbank indicates German interest rates are likely to remain high. Page 7.

See BAKER, Page 2

See LEGION, Page 6

See FRANCE, Page 6

See ISRAEL, Page 2

INTERNATIONAL Herald Tribune

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Whom Does Kohl Please?

On the very day France was marking the 50th anniversary of the first deportation of more than 70,000 Jews by sealed railway cattle cars to Nazi death camps...

prerogative. But surely the chancellor knows it is also the right of others to ask why he wishes, in the face of Mr. Waldheim's war record, to make him respectable again...

Open Skies, at Last

From Vancouver to Vladivostok, the skies will soon be open to surveillance flights by once hostile neighbors. That is the result of an overdue but welcome agreement signed by two dozen countries last Tuesday...

forward by President Dwight Eisenhower in 1955, in hopes of transforming superpower hostility into trust. But the climate of the Cold War proved too forbidding...

Focus on Kurds in Iraq

What to do about the Kurds, a separate Muslim people with a distinct language and of a number (20 million) and cohesive tradition that has won many others statehood?

cal organization — elections are planned for April 3 — should be encouraged. Embarrassing as it is to Turks and their friends in Washington and elsewhere...

Buy Russian Technology

This time the White House made up its mind quickly. Nudged by Ronald Reagan among others, it abruptly ended the debate and announced that the government would import Russian technology for the U.S. space program...

Russia, Ukraine and the other new republics are going to need much aid. But no kind of aid is going to be more important to them than access to Western markets...

Other Comment

If Americans Want Change In the polls, Bill Clinton lags badly behind George Bush on trustworthiness but blitzes him on capacity to deal with the economy...

The French Have Good Reasons to Be Feeling Glum

By Brian Beedham

LONDON — It is not easy to be French these days. What is wrong in France is not just an attack of anti-immigrant bad temper...

on the willingness of the European Community to expose its farmers to more international competition. The Community will say yes, provided France agrees...

will probably make it impossible for the democracies that won the Cold War to collaborate in building a sensible new world order. The discipline of the Cold War — a shared fear of the Soviet Union — no longer holds them together...

of Alexander Calder's mobiles, and the end of the Cold War has clunked a hammer through it. A renified Germany is now too big to be contained by any exercise of French ingenuity...

Item three, you might say, the psychological side of this stern realpolitik. For much of the past 40 years, France has relished being the Country That Had To Be Courted.

The British May Have to Go Through It All Twice

By Anthony Lewis

LONDON — It is a Hobbesian election campaign here: nasty, brutish and short. It has produced acres of invective and little by way of affirmative reason to vote for anyone...

Neil Kinnock, the Labor leader, has done a remarkable job in removing the extreme left from any significant role in the party. Labor's principal economic spokesmen, John Smith and Gordon Brown, are models of responsibility...

said, the Tory government had starved the National Health Service. The girl's name, Jennifer Bennett, was not used in the broadcast but somehow got to the press. The Conservatives denounced the broadcast...

Germany has discovered that unification is a painful and expensive business, but it knows that the rebuilding of East Germany will succeed, and will lead on to a new German economic empire to the east.

America: The Would-Be Third Man Fears 'Economic Calamity'

By H. Rose Perot

WASHINGTON — America today is a nation in crisis with a government at gridlock. We watch daily as Congress and the White House finger-point, shout and fight with one another...

Mr. Perot, the Texas entrepreneur, has encouraged supporters to get his name on the presidential ballot in November as a third-party candidate. This comment is adapted from a speech he gave earlier this month at the National Press Club.

We must once again make the words "Made in the U.S.A." the world's standard for excellence. Otherwise people will not buy our products. This kind of problem can only be solved one industry at a time...

The American government can help by putting an end to its adversarial relationship with American business. Germany and Japan, economic superpowers, each have an intelligent, supportive relationship between government and business...

inner tube covered with patches; more patches will not solve the problem. We must, as a nation, learn to think 10 years ahead, not 10 minutes ahead. If our elected leaders in Washington cannot formulate an American strategy, they should seek the help of those with sufficient vision, expertise and courage...

South Korea: In Search of a Democratic Manager

By Donald Kirk

SEOUL — The National Assembly elections in South Korea last Tuesday revealed disenchantment with the government of President Roh Tae Woo but failed to produce a popular alternative leader to succeed him in next December's presidential election...

The real spoiler role, though, could go to Chung Ju Young, a billionaire businessman and founder of the Hyundai empire, the largest industrial conglomerate in South Korea. Mr. Chung, after building his industrial machine with easy credit, has clashed head-on with Mr. Roh's bureaucrats...

high marks for trying to bring about rapprochement on the peninsula. But the issue that counts in the South these days is not relations with the North. The battle is much closer to home at markets, factories and farms...

1892: Ramadan Begins CAIRO — On the stroke of midnight the cannon of the Citadel announced the commencement of Ramadan. During the next month official business will be practically at a standstill, and then there can be no question of the sending of the Sultan's firman...

1942: A Fog Screen? NEW YORK — [From our New York edition:] Mayor F. H. LaGuardia, disclosing a hunt for an artificial vapor capable of screening the city from enemy bombers, announced yesterday that a fog method of producing synthetic fog would be tested this morning (March 30) in the Navy Yard district of Brooklyn. He said the test would be held from the roof of a laundry building. He did not City Hall that the artificial fog would be released at 10 a.m.

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OPINION

Modest Help for More Than Just the Russians

By Henry Kissinger

NEW YORK — Less than nine months after being told that it would take a five-year program of \$30 billion annually to save Mikhail Gorbachev and the future of democracy in the Soviet Union, we now hear that a similar program of \$20 billion a year is needed to save Boris Yeltsin and democracy in the former Soviet Union.

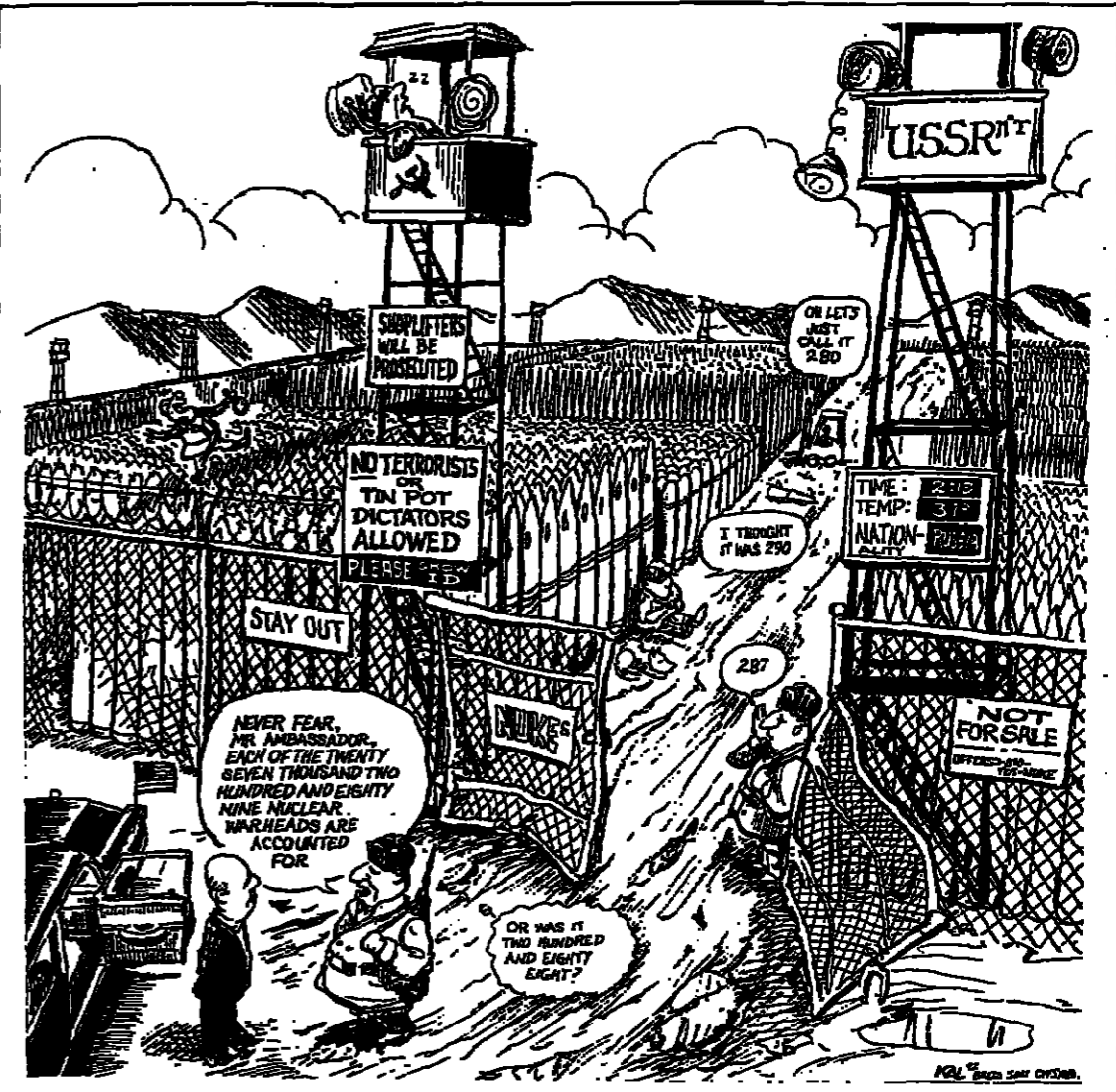
and would still lack the human resources available to East Germany. The democracies have neither the resources nor the domestic support for anything like this magnitude of aid. They must concentrate on humanitarian and technical assistance in critical sectors like agriculture and transportation that can never do more than supplement indigenous programs that encourage local savings and foreign private investment.

A Russia that renounced domination would thereby end the causes of conflict with the United States. It could become a global partner.

particular, America should avoid the tendency to view history as a western movie in which the wearers of the white hats prevail over the black hats. In the real world, revolutions present themselves in varying shades of gray.

said to be democratic in any Western sense. The presidents of the successor states, including Boris Yeltsin, are all former Communist cadres — with the exception of President Stanislaw Shushkevich in Belarus. They are elected, and that is a great step forward. Most are ostensibly anti-Communist, but they represent a unique political system: without established political parties, effective parliaments or constitutions. Calling these former apparatchiks governing by decree "democratic" is a courtesy and a hope, not a description of reality.

Given the barren democratic soil, we must avoid the temptation of oversteering — to the Western public and to the Russian people — the likelihood that such aid will produce democracy (although that, of course, would be America's hope). For when it becomes clear that it does not, an unfortunate train of events could be set in motion.



A United States of Eurasia Would Take Awhile

SIX YEARS passed between the signing of Cornwallis and ratification of the U.S. Constitution. Another three were needed for the Bill of Rights. Revising constitutions of the constituent states took another generation, and the Union was not finally validated until 1865.

Here is a difference that makes the healing of wounds and discovery of new structures more painful by far. There may never again be a unified government covering the territory of the U.S.S.R. Still, the American model can project a few warnings. The first counsels patience: It will be years and not months before the republics can define and arrange their mutual interests.

operation. Although much has changed since Americans fought to preserve their union, the basic facts of economic viability may not be all that different. At this moment, the most useful paradigm may be the Articles of Confederation and Perpetual Union. Proposed in 1776, and eventually signed by all 13 of the original states, this document ceded only enough central authority for dealing with the emergency, while reserving to the states self-governance.

The democracies should take care lest they encourage unintentionally a repetition of such patterns. There are many worrisome tendencies. The new Russian Republic does not conduct itself as if it were a new state but rather as the successor of the traditional Russian Empire. Symbolic of its reluctance to accept the breakup of the empire is its refusal up to now to establish embassies in the other successor states.

Bush's meetings with Mr. Yeltsin are described as "summits," while the, in any case rare, encounters with the presidents of the other republics are called "meetings." Such attitudes invite a replay of Russian history. Many pretenses can be invoked to recenterize the old empire, such as unsettled borders, the protection of Russian minorities and, of course, plain, old-fashioned economic pressure, which will increase if Russia is given priority foreign assistance.

Aid programs must be part of a political dialogue, especially with Russia, and they should be made dependent on the full acceptance of the implications of political sovereignty in the relations with the successor states. Considering the membership of these countries in the United Nations, this is hardly an excessive demand. The West must include the other republics in a comprehensive program and avoid any implication that Moscow is the spokesman or the chosen engine for the development of the remainder of the Soviet Union.

U.S. national interest. Only in that way can it command support in an environment of scarce resources. Economic aid cannot be an end in itself. It should not focus on one successor state, even one as important as the Russian Republic, but be part of an overall concept encompassing all of them.

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CAPITAL MARKETS

International Issues Hit Record in First Quarter

By Carl Gewirtz
International Herald Tribune
PARIS — Although new issues in international bond markets will set a record in the first three months of the year, the upward trend has tailed off toward the end of the quarter because of uncertainty about the direction of interest rates and currency values, according to preliminary data.

Measured against more definitive data that is published with considerable delay by the Bank for International Settlements, the overall volume so far this year as calculated by Salomon registers only a 1.8 percent gain over the previous record. According to the BIS, activity in the first quarter of 1991 totaled \$91.2 billion.

Virtually half of this year's new issues were marketed in January, when investors rushed to buy paper in the belief that the dollar was about to soar and that European interest rates were poised to fall sharply.

The dollar is up 9 percent against the Deutsche mark and 8 percent against the yen. But prices on dollar-bond holdings have declined as yields have been pushed up. In the European markets, yields are slightly better than year-end levels but those gains are more than wiped out by the currency loss against the dollar.

J.P. Morgan's Government Bond Index shows that German bonds are up 2.28 percent so far this year in local currency terms but down 6.5 percent measured in dollars. Only Danish and French government bonds performed worse. The index shows Canadian bonds down 4.5 percent and U.S. bonds down 1.9 percent, and the global index is off 3.7 percent for the year to date.

THIS MEANS that investors who participated in the January buying spree are holding paper on which they may be showing a very small profit in local currency terms or losses measured in dollar terms, and it explains why new-issue activity in both February and March was down 40 percent from the hectic pace set in the opening days of the year.

Analysts have no doubt that interest rates in Germany and then the rest of Europe will eventually decline substantially and that a lethargic recovery in the United States will keep inflation tamed and allow some further decline in long-term rates also. But analysts do not see bond investors returning in force until there is some confirmation of these trends.

"The market will be happy to preempt a cut in German rates," said Bob Tyley, London-based analyst at Banque Paribas. "It just needs some evidence" that a reduction is in the offing, he added.

Market professionals remain worried that before that happens investors could give up waiting and start dumping paper they hold.

The dollar, as usual, was the top currency in the international bond market in the first quarter, with \$19.4 billion worth of new issues. But its importance eroded as it accounted for only 21 percent of total business, down from 28 percent for all of 1991. A decade ago, the dollar accounted for 80 percent of overall activity; five years ago, it held a 33 percent share of the market.

In second place was the European currency unit, continuing the strong advance it has made as Europe moves toward creating a monetary union with the Ecu as its common currency. Ecu bonds amounted to the equivalent of \$14.28 billion — 15 percent of total volume. This compares with an 11 percent share of the market last year and only 8 percent in 1990.

The Ecu's gain pushed the yen into third place with the equivalent of \$13 billion in new issues for a 14 percent market share. Activity in yen is expected to remain heavy this year as Japanese companies refinance a growing volume of maturing dollar Eurobonds carrying warrants to buy stock. At current stock prices, the warrants are worthless. The Japanese had issued the bonds expecting that the sale of stock arising from bondholders exercising their options would provide the cash to redeem the bonds.

The Deutsche mark took a distant fourth place with a 9 percent market share. New DM issues totaled the equivalent of \$8.3 billion. Trailing were the French franc with the equivalent of \$5.3 billion and a market share of 5.7 percent and the pound with the equivalent of \$5.2 billion and a share of 5.6 percent.

The Salomon Brothers data also showed a near doubling in the "other currency" category, to the equivalent of \$8.9 billion from the year-ago quarter's \$3.9 billion. This year, the category comprised mostly high-yielding bonds denominated in Italian lira and Swedish kronor.

CURRENCY RATES

Table with columns for Currency, Par \$, and March 27. Includes rows for Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, New York, Paris, Toronto, Zurich, and 1 BCU.

Table with columns for Currency, Par \$, and Forward Rates. Includes rows for Argentine peso, Hong Kong \$, Indian rupee, British pound, Swiss franc, and Pta.

Table with columns for Stock Indexes and Money Rates. Includes rows for United States, DJ Indus., DJ UHL, DJ Trans., S & P 100, S & P 500, NYSE Comp., FTSE 100, Hang Seng, Nikkei 225, DAX, Hong Kong, and MSCI.

Table with columns for Money Rates. Includes rows for United States, Discount rate, Prime rate, Federal funds rate, and 3-month interbank.

Table with columns for Money Rates. Includes rows for London, 3-month interbank, and Gold.

All figures are as of close of trading Friday. World Index From Morgan Stanley Capital Intl.

Govett Sale Set In Asia

Kuwait Has Stake In Firm Joining Management Bid

By Laurence Zuckerman
International Herald Tribune
HONG KONG — Security Pacific Corp. said Sunday it agreed to sell its Hoare Govett Asia subsidiary to the brokerage house's management and a Hong Kong company whose main shareholders are Hong Leong Co. of Malaysia and the government of Kuwait.

The U.S. bank, which is being acquired by its larger California rival, BankAmerica Corp., did not reveal the price of the sale. Security Pacific previously said it would sell Hoare Govett's European operations to ABN AMRO Holding NV of the Netherlands.

The agreement provides for the sale of 51 percent of the securities company to its management and employees and 49 percent to Guoco Securities (Bermuda) Ltd., a subsidiary of Hong Kong-listed Guoco Group Ltd., whose principal shareholders are Hong Leong and the Kuwait Investment Office. The Hong Kong billionaire Li Kashing can convert a loan into a major stake in the company.

Alan Hargreaves, a director of Hoare Govett Asia, said Hoare Govett management and Guoco offered some cash. He said the parties were waiting for U.S. regulatory approval before releasing the terms.

"As far as we're concerned, it's done," Mr. Hargreaves said, "but we have to unwind the existing ownership through the U.S. system."

Under the pact, the company will be renamed HGO Asia. Security Pacific announced its intention to sell Hoare Govett's Asian and European operations in October, after announcing a merger with BankAmerica Corp., a deal approved by U.S. regulators earlier this month.

Hoare Govett Asia has expanded rapidly in recent years. Mr. Hargreaves said. After starting with offices in Hong Kong and Singapore, it has moved into Kuala Lumpur, said HOARE, Page 9

Audi Chief Is to Lead VW

By Ferdinand Protzman
New York Times Service
BONN — Carl H. Hahn, the driving force behind the global expansion that has made Volkswagen the fourth-largest automaker in the world and leader of the European market, will step down from his post as chairman at the end of the year. He will be succeeded by Ferdinand Piëch, chief of the company's Audi subsidiary.

The changes were announced Saturday by the executive committee of Volkswagen AG's supervisory board after a meeting in Hannover. The news ended weeks of speculation in the German auto industry about who would succeed Mr. Hahn. He is 65 years old and originally planned to retire in 1990, but agreed to a three-year extension of his contract at the supervisory board's request.

The two leading candidates were Mr. Piëch, a 54-year-old engineer who is the nephew of Ferdinand Porsche, founder of the Porsche sports car empire, and Daniel Goeudevert, 50, current head of the Volkswagen brand division. Mr. Goeudevert, a French citizen, will be elevated to the post of deputy chairman.

The promotions must be approved by the 20-person supervisory board, which is to meet on April 10. Mr. Piëch will take command at Volkswagen as it embarks on a bold and risky plan to invest \$51 billion over the next five years on a worldwide expansion. Conceived by Mr. Hahn, the plan is intended to boost Volkswagen's annual production from 3 million cars and trucks to more than 4 million vehicles. Industry analysts call it one of the largest investments in automotive history.

If the strategy pans out, Volkswagen, headquartered in Wolfsburg, Germany, will be capable of competing with its larger rivals — General Motors Corp., Ford Motor Co. and Toyota Motor Corp. — anywhere in the world. Should it fail, VW will be saddled with far more production capacity than its needs and faced with potentially catastrophic financial losses.

"It's the plan works, Volkswagen will be one of the world's leading automakers well into the next century," said Joachim Bernsdorff, an automotive analyst with Bank Julius Baer (Deutschland) AG in Frankfurt. "But it is a big risk. See VW, Page 9

Mr. Piëch will be elevated to the post of deputy chairman.

At EBRD, Attali Holds the Megaphone

By Erik Ipsen
International Herald Tribune
LONDON — When the European Bank for Reconstruction and Development releases its first annual report on Monday, it will be able to point to funding commitments of 621 million European currency units (\$770 million) covering 19 projects in Eastern Europe and the former Soviet Union.

That is not bad for a fledgling institution. But by international financial standards it is not very much, and thus it is surprising that a considerable crowd is expected in the bank's cramped conference room for the presentation of the report.

That accomplishment, a broad range of bankers and government officials insist, is a credit to the EBRD's protean president, Jacques Attali.

EC Chews on Fights Over Berries, Mushrooms

By Charles Goldsmith
International Herald Tribune
BRUSSELS — After taking months to settle the quarrel over beef imports from Eastern Europe, the European Community has found there are more courses coming on its menu of food disputes.

Scottish raspberry farmers say they are in trouble because of cheap berries from Poland, and seek urgent EC largesse in order to help preserve their position. French mushroom growers also seek to stem a tide of cheap imports from the east, and are closely watching any help that Scotland might get from the Community.

"Every time we raise the soft fruit issue, the French raise mushrooms," said a British diplomat. "They are concerned about fresh mushrooms from Eastern Europe arriving for canning, and competing with indigenous French products."

In the midst of profound debate over the troubled world trade talks and reforming the EC's costly Common Agricultural Policy, raspberries and mushrooms are also expected to be on the agenda at a two-day meeting of Community agriculture ministers beginning on Monday.

Although far less fractions than last year's long EC negotiations over beef imports from Poland, Hungary and Czechoslovakia, the raspberry and mushroom discussions showcase the Community's sensitivity to cheaper food products from the infant democracies on its borders.

The 100-year-old Scottish raspberry industry, centered in Blairgowrie in central Scotland, has seen revenue decline from £8 million (\$13.9 million) in 1984 to just £4.3 million last year. The number of acres in production is down by about one-third in just the past two years, the National Farmers Union of Scotland says.

"It's mainly due to competition from Eastern Europe," said Ronnie Crichton, a farmers union official. "On Sunday, Mr. Schlesinger also repeated his long-time warnings. See BERRIES, Page 9

Compass Airlines Plans To Fly Again by July

By Reuters
SYDNEY — Compass Airlines, the Australian domestic carrier that went into provisional liquidation in December, is expected to resume flying by July, its new operators said Sunday.

Southern Cross Airlines, a newly formed company that has been negotiating with Compass's liquidators, said it had reached an agreement with the Queensland state government that secured financial support of more than 10 million Australian dollars (\$7.7 million).

"The new Compass will operate as a high-frequency commuter airline primarily servicing short-haul sectors," Southern Cross said. Southern Cross's founder and deputy chairman, Doug Reid, said the airline planned 10 round-trip flights a day between Sydney and Melbourne initially. He said it would operate flights from Coolangubra on Queensland's Gold Coast to southern states and to Cairns in north Queensland, and from Brisbane to Townsville in north Queensland.

Compass had been in the air only one year before it went into provisional liquidation after a fierce price war with its two competitors, the federal government-owned Australian Airlines and the privately-owned Ansett. It had estimated debts of 171 million dollars when it collapsed.

The provisional liquidators recently obtained more time from an Australian court to complete the merger of Southern Cross and Compass.

Clouds Form Over Europe

By Reuters
Gloom prospects for West European economies this year were underscored over the weekend by downbeat reports on British bankruptcies, French growth and foreign investment in Germany.

In London, Dun & Bradstreet Corp. reported Sunday that about 160 British business had failed every day during the first three months of this year as the recession continued to take its toll, particularly on small companies.

The report showed that 14,881 businesses were liquidated or declared bankrupt in the first quarter, 4.5 percent up on the final quarter of last year and a huge 34 percent rise on the corresponding period in 1991.

Philip Mellor, Dun & Bradstreet's marketing manager, said he expected the rate of failures to continue rising for some time after economic recovery begins.

In Paris, newspapers reported that the government was revising down its forecast for growth in gross domestic product this year to 2 percent from the 2.2 percent figure upon which it based its 1992 budget last September.

Finance Minister Pierre Berégovoy, who is to present his new forecasts to the national accounts commission on Tuesday, was said to be looking for growth to recover to 2.6 percent in 1993. The government's forecast for personal consumption growth in See GLOOM, Page 9

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 323 11 30. Prices may vary according to market conditions and other factors. March 27

Dollar Straights

Table with columns: Issuer, Cn, Mar, Price, Yld, Sd

Governments/Supranationals

Table with columns: Issuer, Cn, Mar, Price, Yld, Sd

Main table of international bond prices with columns: Issuer, Cn, Mar, Price, Yld, Sd

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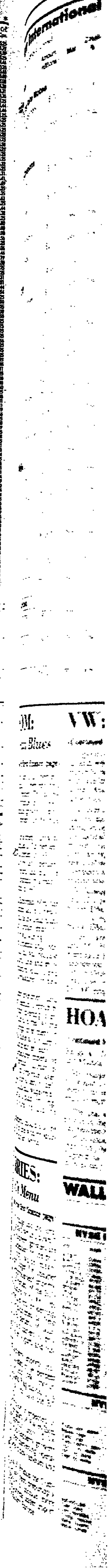
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Table of international bond prices with columns: Issuer, Cn, Mar, Price, Yld, Sd

MUTUAL FUNDS

Figures as of close of trading Friday, March 27

Large table of mutual fund prices with columns: Fund Name, Price, Yld, Sd



New International Bond Issues

Compiled by James E. Connell

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price and week, Terms. Includes Floating Rate Notes and Fixed-Coupons sections.

Brady Adds To Pressure On the Fed Over Rates

WASHINGTON — Treasury Secretary Nicholas F. Brady stepped up his pressure on the Federal Reserve on Sunday, urging the central bank to keep the money supply high enough to continue economic recovery...

Prices Rise Despite Supply Concerns

NEW YORK — Prices of U.S. government bonds climbed in volatile trading last week despite nervousness over news of large long-term corporate issuances and jitters ahead of key economic reports.

The average yield on the new two-year securities was 5.85 percent, while the five-year note fetched an average yield of 6.94 percent. The yield on the old two-year notes fell to 5.67 from 5.82 a week earlier...

Wall Street Getting Queasy About Earnings

NEW YORK — Unpleasant news about corporate earnings has abruptly taken center stage on Wall Street, and stock prices will face pressure from any additional announcements this week, analysts said.

The Dow Jones industrial average fell 19.61, to 604.67. The stock market's rally early this year had already been braked by rising long-term interest rates.

GLOOM: European Blues

(Continued from first finance page) 1992 was revised up to 2.1 percent from an original 1.8 percent and after 1991's 1.6 percent. This acceleration will continue into 1993, when consumption growth is estimated at 2.6 percent...

VW: Audi Chief to Head Europe's Leading Automaker

(Continued from first finance page) Competition within Europe is brutal and when the European Community's barriers to Japanese imports are lowered in 1997 it will get worse. And Volkswagen still has the worst cost structure in Europe.

New York Move Stings Quebec Power Project

By Clyde H. Farnsworth New York Times Service TORONTO — New York State's cancellation of a \$12 billion, 20-year contract to buy power from Quebec has struck perhaps the fatal blow to one of the biggest and most controversial efforts to exploit the Canadian province's vast water resources for energy.

RATES: Bundesbank Holds Line

(Continued from first finance page) that tax increases are inflationary and suppress badly needed entrepreneurial incentives. "You can't just write out a prescription, raise taxes and finance everything that way," he said in the interview.

HOARE: Management Buyout

(Continued from first finance page) Bangkok, Jakarta, Taipei, Seoul and Manila. Mr. Hargreaves said the company would continue to expand its operations in the region and may bring in more equity partners.

Euromarts At a Glance

Table with columns: Eurobond Yields, Weekly Sales, Prices, and Libor Rates. Includes data for various markets and currencies.

MUTUAL FUNDS

Table with columns: Bid Ask, Mutual Fund Names, and Performance Metrics. Lists various fund categories and their current values.

BERRIES: On EC's Menu

(Continued from first finance page) ficial. "The tonnage and the acreage are just going down and down." Scotland's raspberry growers are particularly dependent on the processing industry, which makes them an easy target for cheaper frozen or "semiprocessed" imports.

WALL STREET REVIEW

Table with columns: NYSE Most Active, AMEX Most Active, NYSE Sales, AMEX Sales, NYSE Diaries, AMEX Diaries. Provides a comprehensive overview of market activity.

PRESTIGE LUXEMBOURG 20, Boulevard Emmanuel Servais L-2535 Luxembourg. AVIS AUX ACTIONNAIRES. Includes details about shareholder meetings and company information.

BusinessWeek International. This week's topics: How Bad For The Reichmann's? A Winning U.S. Industrial Policy. Will Guangdong Be China's Model? IBM's Wonder Woman Of Media. Ross Perot For President? Now available at your newsstand!

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, March 27.

Table A: OTC Consolidated trading for week ended Friday, March 27. Columns include Stock Symbol, Sales in 100s, High, Low, Close, and Net Change.

Table B: OTC Consolidated trading for week ended Friday, March 27. Columns include Stock Symbol, Sales in 100s, High, Low, Close, and Net Change.

Table C: OTC Consolidated trading for week ended Friday, March 27. Columns include Stock Symbol, Sales in 100s, High, Low, Close, and Net Change.

Table D: OTC Consolidated trading for week ended Friday, March 27. Columns include Stock Symbol, Sales in 100s, High, Low, Close, and Net Change.

Table E: OTC Consolidated trading for week ended Friday, March 27. Columns include Stock Symbol, Sales in 100s, High, Low, Close, and Net Change.

(Continued on next page)

WORLD STOCKS IN REVIEW

Amsterdam
Amsterdam stocks slipped last week, hurt by underlying fears of interest rate rises and developments elsewhere in Europe. The CBS all-share index closed Friday at 203.8, down 1.8 points from the previous week. Equity volume for the week totaled 2.3 billion guilders, down from 2.9 billion the previous week. Analysts at Kempen & Co. said they expected higher interest rates would send prices lower this week.

Milan
Italian share prices fell during a week of slow trading. The MIB index fell 2.88 percent, closing at 1,008 points on Friday. The MIB hit a new low for the year, at 978, on Thursday. Investors are warily awaiting the announcement of results for several local blue-chip companies.

London
Prices fell for the fourth straight week as political uncertainties dragged the market down. Opinion polls that pointed to a general election win for the Labor Party, along with mixed economic data, made traders nervous. The Financial Times-Stock Exchange 100 share index fell 8.7 points, closing at 2,447.9. The FT-30 index fell 1.6 points, to 1,914.9. The London conglomerate fell 14.7 percent after selling one-third of its Metropole Hotels subsidiary to a Libyan state-owned investment company. Traders were not impressed by the company's statement about its prospects.

Singapore
Prices ended slightly higher in light trading last week. The Straits Times industrial index gained 2.95 points, ending at 1,438.76. Volume rose 27.3 percent, to 78.9 million shares. Average daily volume fell to 27.6 billion yen from 433.1 billion yen the previous week. Most banks fell; Sumitomo Bank dropped 100 yen, to 1,690 yen. Nippon Steel gained 5 yen, to 315 yen, and Mitsubishi Heavy Industry rose 6 yen, to 590 yen. Nippon Telegraph & Telephone fell 23,000 yen, to 640,000 yen.

Zurich
Prices closed lower, although industrial and chemical stocks were in demand. The Swiss Performance Index fell 10.15 points to close at 1,133.3 points on Friday. Banks and insurance companies were hurt by the rise in domestic interest rates. Dealers said they expected similar movements this week. UBS fell 90 Swiss francs to 3,690 francs; Swiss Banking Corp. slipped 6 francs, to 293 francs, and Credit Suisse fell 50 francs, to 1,920 francs. Ciba-Geigy fell 30 francs, to 3,410 francs, on profit-taking.

Electronic Trading Takes Off in Portugal

LISBON — Portugal's computer-based share trading system has performed well during its first six months of operation and is proving a strong rival to open-outcry trading on the Lisbon and Oporto stock exchanges, brokers have said. So far, the system has accounted for 18.6 percent of transactions on the exchanges, they said. But the daily volume it handles in terms of shares has eclipsed that of the two regional exchanges, where 170 companies are quoted. José Martins, a broker at Correira Independente, said the 12 companies that have joined the continuous market have seen a steady rise in volume of trade in their shares. Another broker, Pedro Caldeira, said the percentage of share deals conducted on the continuous market was nearly 40 percent, excluding portfolio adjustments within large holding companies that do not represent a real change of ownership. More than 16 million shares, worth 31 billion escudos (\$217 million), have changed hands on the Interbolsa system since it began Sept. 16. Mr. Caldeira said about 400 million to 500 million escudos' worth of shares changed hands daily on the continuous market. Brokers said they expect volume to double within seven more weeks, including Banco Espírito Santo & Comercial de Lisboa SA.

AMERICAN EXCHANGE OPTIONS

Table with columns: Option & price, Calls, Puts. Lists various American exchange options with their respective prices and trading volumes.

AMERICAN EXCHANGE OPTIONS (Continued)

Continuation of the American exchange options table, listing more options and their market data.

BANK: Jacques Attali Gives His Fledgling Institution a High Profile

(Continued from first page) Mr. Attali pushing the bank to lead in the race of 2 billion to 2.5 billion Euro in its second year, the strains will only multiply, according to bank insiders. 'Since the bank's focus is on the private sector, the main problem we have is finding a client, a manager or owner of a company who can take a decision,' said Tomas Parizek, who represents Czechoslovakia and Hungary on the bank's board. After all, even comparative advanced Czechoslovakia is little past the starting gate in its privatization program. Simply put, how do you shovel loans to a private sector in countries where it barely exists? Making the challenge all the greater is last month's tentative decision by the bank's board to lift the lending restrictions on the EBRD's lending to the countries of the former Soviet Union. Those 12 nations will soon be eligible to receive as much as 40 percent of the bank's resources, up from a token 3 percent in 1991. Mario Sarcinelli, the bank's vice president in charge of leading to the public sector, pointed out that even in the Russian republic it still is often difficult to ferret out which government official is responsible and competent for what. 'If this problem is not solved quickly, we can propose as many projects as we like but we cannot implement them,' Mr. Sarcinelli said. Given the paucity of lending opportunities and the bank's own limited financial resources, Mr. Attali has freely steered in a direction where other international financial institutions have long feared to tread: politics. The bank has become a vocal, if not always effective, lobbyist for its client countries. Almost every senior EBRD official it seems, has some notion of what its industrial country members need to do to boost free markets in the East and thus preserve their fragile democracies. Ronald Freeman, who heads private-sector lending, for instance, insists that a 'multibillion dollar fund to stabilize the ruble is "essential." Anders Ljung, the vice president for finance, talks of the need for trade concessions, for an opening up of Western markets. Vital though it may be, it is dangerous ground for people who are, after all, public servants whose salaries are met from the treasuries of the bank's member nations. That is particularly true of Mr. Attali, who is an author, a poet and a former close aide to President François Mitterrand of France. He has checked many by straying far from his supposed patch, proposing everything from a swap of Soviet debt for Soviet nuclear weapons, to expanding the Group of Seven, the collective of the seven largest industrial nations, to include the G-8, with the inclusion of Russia. Mr. Attali, whose term as president runs for four more years, shows little sign of sparing the riches among his 55 shareholder nations his wisdom. On the other hand, many who have worked with him closely at the bank detect some changes. Mr. Sarcinelli says that in the bank's first year he himself has grown grayer, 'and Jacques Attali has become a more thoughtful banker.' Some industrial countries had voiced reservations about the selection of Mr. Attali to head the bank, uncomfortable as they were with his Socialist background, his lack of administrative and banking experience, and his reputation for business. When it became clear Mr. Attali would lead the bank, they insisted on checks to his power and perceived preference for government intervention. Among them are the mandated 60 percent focus on the private sector, and strict limits on lending to what was then the monolithic Soviet Union. A strong, and with 23 members, unwieldy large board was to be another check on Mr. Attali. 'In the beginning I think Jacques Attali read the articles of agreement, and the part that said, "The president serves under the board," I think he skipped over that part,' said William Curran, the bank's U.S. director. Mr. Curran and others insist, however, that after an initial rocky period relations between the board and Mr. Attali have settled into what one calls a 'constructive' pattern. Although the bank has been quite successful in showing money out the door and setting targets at multiples of its first year's funding commitments, it remains to be seen whether the far thornier tasks of getting that money back and of actually achieving an impact will occur. 'The bank is under a lot of pressure from the top which relates to the president's ambitions and his desire to create a high profile institution,' says one bank director. Those pressures have been a mixed blessing. The EBRD's Mr. Freeman, for instance, sniffs at the performance of the World Bank, where the typical time it takes to prepare and approve a project is two-and-a-half years. 'In that amount of time these countries have had a revolution and a half,' he said. On the other hand, some observers inside and outside the bank wonder if in its otherwise laudable haste the seeds of problems — wasted funds via poorly designed and monitored projects. The point is especially germane in the countries of the former Soviet Union, where funding targets are high and the capacity of the system to handle them remains low. An example of how frustratingly slow progress can be is the EBRD's large technical assistance program. Originally technical assistance was not a part of the bank's mandate. It was Mr. Attali who saw the need to fund such things as training programs, and who raised 100 million Euro to accomplish the task. 'The technical assistance needs are immensely much greater than what was thought in the beginning,' said Mr. Ljung, the finance vice president. With privatization, and indeed the private sector, still in its infancy in most of the EBRD's borrower nations, it has also been difficult for them to entice Western banks and companies to invest alongside the EBRD. Its so-called catalytic role has had to rely heavily on extending to would-be investors the bank's own preferred creditor status. That is something which the World Bank, for instance, has always been reluctant to do for fear that it could damage its triple-A credit rating. 'You can't fish in a stream without bait,' said Mr. Freeman, who conceded that the European Bank had resorted to extending its preferred status on 'just about everything.'

NASDAQ NATIONAL MARKET

Table showing NASDAQ National Market data, including OTC Consolidated trading for week ended Friday, March 27, and various stock prices.

CHICAGO EXCHANGE OPTIONS

Table with columns: Option & price, Calls, Puts. Lists various Chicago exchange options with their respective prices and trading volumes.

CHICAGO EXCHANGE OPTIONS (Continued)

Continuation of the Chicago exchange options table, listing more options and their market data.

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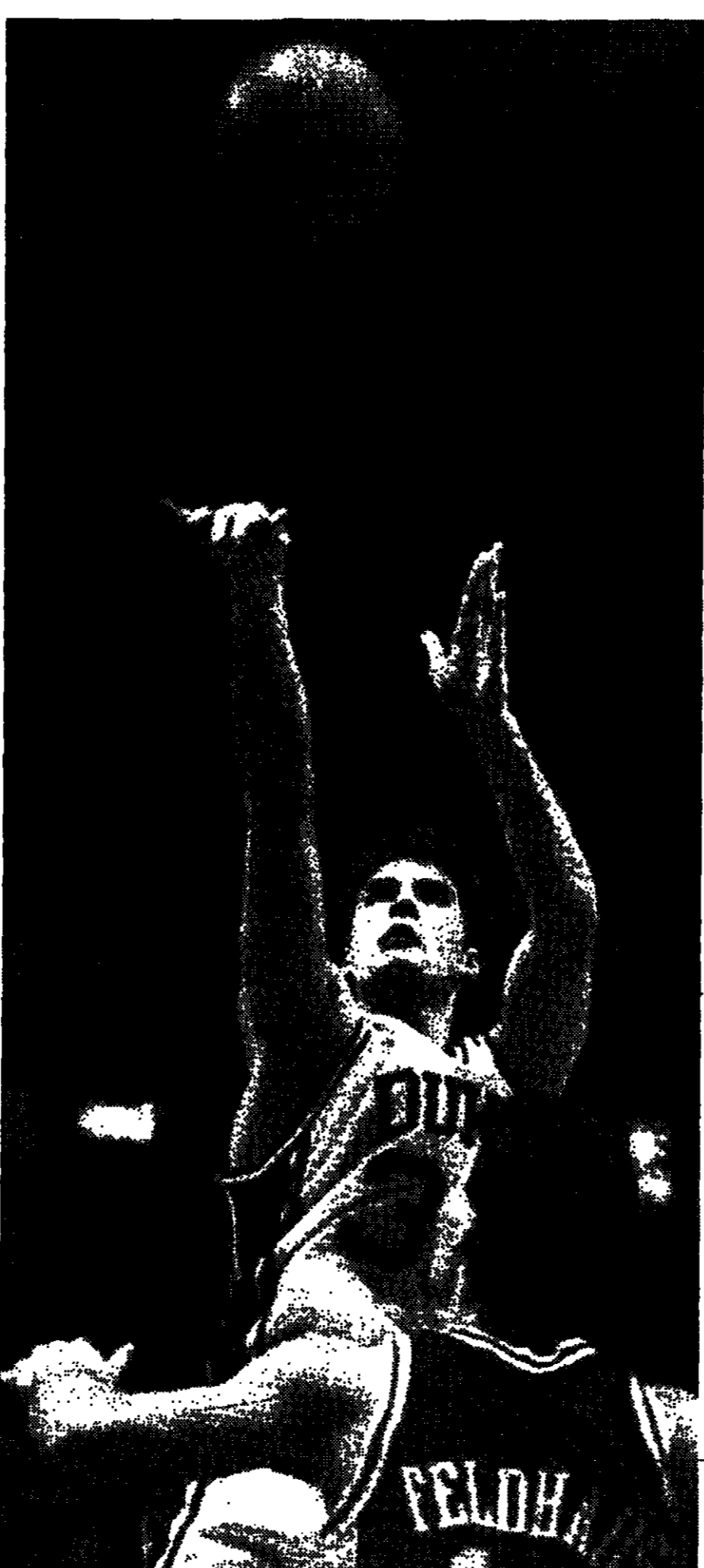
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MONDAY SPORTS BASKETBALL

French Reign Ended By Swiss as Czechs Fall to Americans

Compiled by Our Staff From Dispatches
France kissed the Davis Cup goodbye Sunday when Thierry Champion proved unequal to the role of national hero and lost in four sets to Jakob Hlasek in the first of the reverse singles.



Christian Laettner let go the shot over Deron Feldhaus that beat Kentucky, 104-103.

Cincinnati Gains Final Four With Romp of Memphis St.

Compiled by Our Staff From Dispatches
KANSAS CITY, Missouri — Powered by the play of Herb Jones and Nick Van Exel, Cincinnati defeated Memphis State for the fourth time this season, 88-57, to win the Midwest Regional on Sunday and advance to the Final Four of the National Collegiate Athletic Association tournament for the first time since 1963.

mates and fans after his victory put Switzerland into the semifinals for the first time.
'We've never seen anything like this before,' he said. 'It's the first time we've played such a big match.'

SIDELINES

IOC Says South Africa in Olympics
JOHANNESBURG (AP) — South Africa will participate in the Barcelona Olympics this summer, the director-general of the International Olympic Committee said Sunday.

Russians Win World Skating Titles
OAKLAND, California (UPI) — Marina Klimova and Sergei Ponomarenko of Russia won the dance competition at the World Figure Skating Championships, adding that title to their Olympic gold medal by outskating compatriots Maia Usova and Alexander Zmilin, who won the silver, and Oksana Grischuk and Evgeni Platov, who got the bronze.

For the Record
Top-seed Monica Seles has sprained her wrist and will not compete in this week's Family Circle Magazine Cup tournament, officials said Sunday. Seles was injured while riding her bicycle in Florida on Saturday and will wear a soft cast for three to four days.

Laettner's Overtime Jump Shot For Duke Caps a Perfect Game

By Steve Berkowitz
Washington Post Service
PHILADELPHIA — Senior center Christian Laettner ended one of the greatest performances in National Collegiate Athletic Association tournament history with one of the greatest shots in NCAA tournament history, a 16-foot, turnaround jumper as time expired that gave Duke a 104-103 overtime victory over Kentucky in the East Regional final.

Forsbrand Wins by 1 Over Senior in Florence
FLORENCE — Defending champion Anders Forsbrand rallied from three strokes back with rounds of 67 and 66 Sunday to win the Florence Volvo Open at 13-under-par 271.

Indiana Beats UCLA by 27 Points

By Michael Martinez
New York Times Service
ALBUQUERQUE, New Mexico — It's a revenge they were after, the Indiana Hoosiers got it. It just took them more than four months.

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